

IDEM CAPITAL SECURITIES LIMITED

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IDEM COLLECTION ACCOUNT  
DECLARATION OF TRUST

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**THIS DECLARATION OF TRUST** is dated and made on 17 July 2014.

**IDEM CAPITAL SECURITIES LIMITED**, a company registered in England and Wales as company number 07350538 whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**Idem**")

**WHEREAS:**

- (A) Idem acts as the originator, seller and/or transferor of financial assets in respect of the Securitisations.
- (B) The Account operated by the Bank is, inter alia, utilised by Idem for the purpose of collecting payments in respect of the Mortgages which are subject to the Securitisations.
- (C) Idem is desirous of establishing the trust hereinafter declared and contained in respect of the Account.

**NOW THIS DEED WITNESSETH:**

**1. INTERPRETATION**

**1.1** In this Deed, including the recitals, where the context so admits:

"**Account**" means the account the details of which are set forth in Schedule 1;

"**Assets**" means, in respect of each Beneficiary, the property of such Beneficiary, including but not limited to the Mortgages, the amounts secured thereby and any other security for such amounts and the Insurance Contracts or, as appropriate, any part thereof;

"**Bank**" means that bank set out in the first column in Schedule 1;

"**Beneficiaries**" means the company set out in Schedule 2 and any Beneficiary in respect of which a deed of declaration of trust supplemental to this Deed is executed by Idem; and "**Beneficiary**" shall be construed accordingly;

"**Beneficiary's Share**" means, in respect of each Beneficiary, at any time such proportion of the Trust Property at such time as the amounts derived from the Assets of such Beneficiary and standing to the credit of the Account shall at such time bear to the Trust Property; and Beneficiaries' Shares shall be construed accordingly;

"**Business Day**" means, a day (other than a Saturday or Sunday) on which banks are generally open for business in London; and "**Business Days**" shall be construed accordingly;

"**Collections**" means, in relation to a Mortgage, all cash collections and other cash proceeds thereof including all principal, interest, buildings insurance premium, payment protection premium, any value added tax, late payment, early payment or similar charges.

**"Encumbrance"** means:

- (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

**"Insurance Contracts"** means, in respect of each Beneficiary, those contracts of insurance or any interest therein which have been assigned to such Beneficiary by Idem pursuant to the provisions of the Securitisation Documents or which have been or shall be from time to time entered into by such Beneficiary or under which such Beneficiary is a named insured or on which such Beneficiary has its interest noted;

**"Mortgages"** means, in respect of each Beneficiary, those mortgages secured on residential property in England, Wales, Scotland and Northern Ireland which have been sold by Idem and purchased by the Beneficiary and which are identified in the mortgage schedules which have been delivered by Idem to that Beneficiary but excluding, after the date of any repurchase, any Mortgages repurchased by Idem pursuant to the provisions of the Securitisation Documents;

**"Liabilities"** means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including reasonable legal fees and any taxes and penalties incurred by that person, together with any value added tax charged or chargeable in respect of any of the sums referred to in this definition;

**"PFPLC"** means Paragon Finance PLC, a public company incorporated under the laws of England, registered number 1917566, with its registered office at 51 Homer Road, Solihull, West Midlands B91 3QJ.

**"Securitisation"** means, in respect of each Beneficiary, the sale by Idem and the purchase by such Beneficiary of certain financial assets, including mortgage loans and the security therefor; and **"Securitisations"** shall be construed accordingly;

**"Securitisation Documents"** means, in respect of each Securitisation, the agreements and other documents describing the arrangements and setting out the terms and conditions thereof; and **"Securitisation Document"** shall be construed accordingly;

**"Securitisation Trustee"** means Citicorp Trustee Company Limited (a company incorporated in England and Wales with limited liability as company number 00235914 whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and/or any other person designated as trustee in respect of any security given by a Beneficiary for its obligations under the Securitisation

Documents in a supplemental deed of declaration of trust to this Deed executed by Idem; and

"**Trust Property**" means at any time the total amount standing to the credit of the Account.

- 1.2 The headings and sub-headings are inserted for convenience only and shall not affect the interpretation of this Deed.
- 1.3 Words denoting the singular number only shall include the plural number also and vice versa; and "**persons**" shall include individuals, firms and corporations.
- 1.4 References in this Deed to any agreement or other document include any amendment thereto or variation or novation thereof for the time being having effect.

## 2. **THE TRUST**

2.1 Idem HEREBY ACKNOWLEDGES, DECLARES AND AGREES that it shall hold the Trust Property UPON TRUST for the Beneficiaries and itself as beneficial tenants in common in the following proportions:

2.1.1 as to each Beneficiary's Share from time to time for each Beneficiary; and

2.1.2 as to the remainder of the Trust Property from time to time for Idem.

2.2 Idem agrees and declares that the Trust Property shall be held in accordance with this Deed and shall not be dealt with otherwise than in accordance with the terms of the Securitisation Documents.

## 3. **ACKNOWLEDGEMENTS OF IDEM**

3.1 Idem acknowledges that it has no right at any time to set off or transfer any of the Collections in or towards satisfaction of any of the Liabilities of a Beneficiary or of a Securitisation Trustee to Idem or of any of the Liabilities of Idem to any other person.

3.2 Idem acknowledges and declares that the trust constituted by this Deed is not intended to create, nor does it create, any Encumbrance in favour of any person over any property or assets of Idem but rather is intended clearly to delineate the beneficial interest of each Beneficiary and Idem respectively in the Trust Property.

## 4. **TERMINATION**

The trusts hereby declared shall, in relation to each Beneficiary, cease absolutely upon the earlier of (i) the irrevocable payment of all monies due and owing under the Securitisation Documents by that Beneficiary in respect of which the Assets of that Beneficiary are held as security by the relevant Securitisation Trustee or (ii) the day following the date on which PFPLC ceases to act as administrator of the Assets of that Beneficiary and arrangements satisfactory to the relevant Securitisation Trustee have been established so that all payments in respect of such Beneficiary's Share are paid on and after that date into an alternative collection account other than the Account.

5. **SUPPLEMENTAL DEED OF DECLARATION OF TRUST**

Idem will, in respect of any future securitisation in which it acts as originator, seller and/or transferor of financial assets, endeavour to agree with the relevant securitisation trustee a supplemental deed of declaration of trust to this Deed in which it shall declare that it holds, for the Beneficiary in respect of such securitisation, such Beneficiary's Share on the same (or substantially similar) trusts as those set forth in this Deed.

6. **NOTICE**

Idem shall give notice in writing to the Bank of this Deed and the terms thereof prior to the creation of any Trust Property which is to be held on trust for a Beneficiary in accordance with this Deed.

7. **FURTHER ASSURANCE**

Idem shall do and execute, or arrange for the doing and executing of, each act, document and thing requested of it by a Securitisation Trustee in order to implement and/or give effect to this Deed and the arrangements contemplated by it.

8. **PARTIAL INVALIDITY**

The invalidity, illegality or unenforceability of a provision of this Deed does not affect or impair the continuation in force of the remainder of this Deed.

9. **THIRD PARTY TRANSACTION RIGHTS**

Rights under this Deed only accrue to a person named in this Deed. Accordingly a person who is not named in this Deed shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but (i) this does not affect any right or remedy of a third party which exists or is available apart from that Act, and (ii) nothing contained in this Clause 9 (*Third Party Transaction Rights*) is intended to restrict the respective entitlements of the Beneficiary or the Trustee to enforce their respective rights in connection with this Deed.

10. **GOVERNING LAW**

This Deed and all non-contractual obligations arising out of or in connection with it shall be governed by English law.

11. **JURISDICTION**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed, any non-contractual obligations arising out of or in connection with this Deed or the consequences of its nullity).

**SCHEDULE 1  
THE ACCOUNT**

The Account is in the name of Idem as follows:-

<u>Bank and Address</u>	<u>Name of Account Holder</u>	<u>Account Number</u>	<u>Sort Code</u>
NatWest, 4 High Street, Solihull, West Midlands, B91 3WL	Idem Capital Securities Limited	58728902	55-50-15

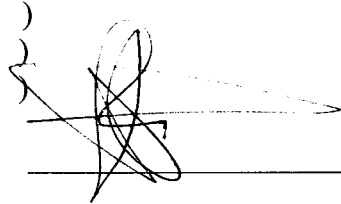
**SCHEDULE 2  
THE BENEFICIARIES**

Paragon Mortgages (No.20) plc



**IN WITNESS WHEREOF** Idem has executed this Deed and intends to deliver, and does deliver, this Deed on the date first before written.

**EXECUTED and DELIVERED** as  
a **DEED** by **IDEM CAPITAL**  
**SECURITIES LIMITED** acting by:

)  
  
\_\_\_\_\_

Signature of Attorney

    S A HARRY    

Name of Attorney

in the presence of:

  
\_\_\_\_\_ Signature of witness

    MARK MCGUIRE      
\_\_\_\_\_ Name of witness

    10 UPPER BANK ST.      
\_\_\_\_\_ Address of witness

    LONDON E14 5W      
\_\_\_\_\_

    LAWYER      
\_\_\_\_\_ Occupation of witness